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MATACHEWAN
CANADIAN GOLD LIMITED

ANNUAL REPORT - 1968

Loney G. Nicol

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

Officers:	LONEY G. NICOL, Chairman and President	Montreal, Quebec
	IAN ROSS FRASER, Vice-President	Montreal, Quebec
	TOM D. GRANICH, Secretary-Treasurer	Montreal, Quebec
Directors:	LONEY G. NICOL	Montreal, Quebec
	IAN ROSS FRASER	Montreal, Quebec
	AUBREY K. SCHWARTZ, C.A.	Montreal, Quebec
Head Office:	SUITE 432, 12 RICHMOND STREET E.	Toronto, Ontario
Executive Office:	SUITE 1402, 800 DORCHESTER BLVD., W.	Montreal, Quebec
Transfer Agent and Registrar:	THE CANADA PERMANENT TRUST COMPANY	Montreal, Quebec
Auditors:	THORNE, GUNN, HELLIWELL & CHRISTENSON	Montreal, Quebec
Solicitors:	BOISVERT & PICKEL	Montreal, Quebec
Bankers:	THE ROYAL BANK OF CANADA	Montreal, Quebec
Listing:	CANADIAN STOCK EXCHANGE — TICKER SYMBOL — MCG	

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

REPORT OF THE DIRECTORS

To the Shareholders:

In 1967 your company acquired 3,124 offshore tracts laid out in a checkerboard pattern to cover an area of 6,248 square miles off the coast of Nova Scotia.

In April 1968, your company entered into an agreement with Ocean Science and Engineering Inc. of Washington, D.C. under which the latter was to carry out exploration of the company's offshore concessions. The agreed programme included acoustic profiling, drilling through the alluvium to obtain bulk samples and SCUBA diving to examine sea-bottom conditions. This programme was carried out during the months of June and July 1968 and resulted in the discovery of two gold-bearing areas, one off the Ovens Peninsula and the other off Isaacs Harbour.

In October 1968, claims essential to the continuation of your company's offshore exploration programme was renewed and the company now holds 942 tracts laid out in a checkerboard pattern to encompass an area of 1,810 square miles.

In December 1968, a decision was taken by management to carry out a detailed evaluation of the Ovens Peninsula gold-bearing area by test mining, using a barge-mounted section dredge. To this end, a dredge with a capacity of approximately 125 cubic yards per hour (about 250 tons per hour), mounted on a 64' x 32' barge, is under construction at Mahone Bay, Nova Scotia. The budgeted cost for this programme is \$175,000.

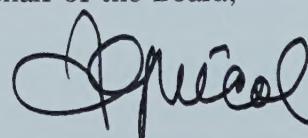
The management of your company is at present studying the feasibility of a more detailed evaluation of the Isaacs Harbour area.

Your company's property in Shiningtree, Ontario, has been geologically examined and an economic appraisal of this property is now in progress.

The financial position of your company as at 31st December 1968 is reflected in the accompanying financial statements.

On behalf of the Board,

Montreal, Quebec
April 21, 1969



LONEY G. NICOL,
President.

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1968

(with comparative figures at December 31, 1967)

	<i>ASSETS</i>	<u>1968</u>	<u>1967</u>
CURRENT ASSETS			
Cash	\$ 23,775	\$ 56,066	
Bank deposit receipt	—	100,000	
Marketable securities, at cost (notes 1 and 2) (quoted market value, 1968 - \$936,727; 1967 - \$1,014,869)	808,137	836,489	
Accrued interest receivable	5,648	5,706	
Accounts receivable	2,513	11,824	
Prepaid expenses	610	—	
	<u>840,683</u>	<u>1,010,085</u>	
INVESTMENTS IN OTHER MINING COMPANIES			
Shares, at cost (notes 1 and 2)	490,956	490,956	
Less provision for decline in market value of investment in affiliated company	427,845	489,532	
	<u>63,111</u>	<u>1,424</u>	
OTHER ASSETS			
Deposit with Nova Scotia Department of Mines, \$100,000 Government of Canada bond, 5½%, 1969 at cost (note 3) (quoted market value, 1968 - \$99,800 - 1967 - \$99,500)	98,800	99,850	
Sundry advances	10,115	10,115	
	<u>108,915</u>	<u>109,965</u>	
FIXED ASSETS			
Building and equipment, at nominal value	1	1	
Office furniture, at cost	9,431	7,033	
	<u>9,432</u>	<u>7,034</u>	
MINING CLAIMS (note 3)	<u>54,021</u>	<u>54,021</u>	
DEFERRED EXPLORATION DEVELOPMENT AND OTHER EXPENDITURES	<u>313,690</u>	<u>73,278</u>	
Approved by the Board:	<u>\$1,389,852</u>	<u>\$1,255,807</u>	

Loney J.Nicol, Director
Ian R. Fraser, Director

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1968

(with comparative figures at December 31, 1967)

LIABILITIES

	1968	1967
CURRENT LIABILITIES		
Bank loan, secured by assignment of marketable securities	\$ 293,500	\$ 418,500
Accounts payable and accrued liabilities	20,084	7,685
Due to brokers	54,863	—
	<hr/> 368,447	<hr/> 426,185

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 4)

Authorized
5,000,000 shares, par value \$1

Issued

4,167,798 shares	4,167,798	4,167,798
Less discount thereon	442,092	442,092

CONTRIBUTED SURPLUS (note 5)

3,725,706	3,725,706
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331,960	331,960
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DEFICIT

4,057,666	4,057,666
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3,036,261	3,228,044
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1,021,405	829,622
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<hr/> \$1,389,852	<hr/> \$1,255,807
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AUDITORS' REPORT

To the Shareholders of

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

We have examined the balance sheet of Matachewan Canadian Gold Limited as at December 31, 1968 and the statements of deferred exploration, development and other expenditures, deficit and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Canada
April 15, 1968

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

MATACHEWAN CANADIAN GOLD LIMITED
 (No Personal Liability)

**STATEMENT OF DEFERRED EXPLORATION,
 DEVELOPMENT AND OTHER EXPENDITURES**

YEAR ENDED DECEMBER 31, 1968

	Balance at beginning of year	Expenditures during year	Balance at end year
Exploration and development			
Nova Scotia claims			
Seismic and drilling work	\$ —	\$162,633	\$162,633
General surveys	271	—	271
Geologists' fees and expenses	8,537	7,713	16,250
Government fees and licenses	33,230	9,540	42,770
Head Office	3,270	—	3,270
Sample analysis	5,866	1,956	7,822
Supplies and equipment	1,433	134	1,567
Technical personnel, salaries and expense	2,901	10,945	13,846
Travel, room and board	5,117	3,651	8,768
Miscellaneous	502	132	634
	61,127	196,704	257,831
Ontario properties			
Government fees and licenses	1,137	654	1,791
Technical personnel, salaries and expenses	—	2,959	2,959
	1,137	3,613	4,750
	62,264	200,317	262,581
Administration	70,620	88,645	159,265
	132,884	288,962	421,846
Deduct investment income			
Dividends	47,376	30,665	78,041
Interest earned	12,230	17,885	30,115
	59,606	48,550	108,156
TOTAL	\$ 73,278	\$240,412	\$313,690

MATACHEWAN CANADIAN GOLD LIMITED
 (No Personal Liability)

STATEMENT OF DEFICIT

YEAR ENDED DECEMBER 31, 1968

(with comparative figures for 1967)

	1968	1967
BALANCE AT BEGINNING OF YEAR	\$3,228,044	\$2,687,321
Add		
Reduction of the book value of building, equipment and office furniture, valued by the Board of Directors in 1961 at \$150,432, to a nominal value of \$1	—	150,431
Outside exploration expenses written off	—	5,076
Provision for decline in market value of investment in affiliated company	—	489,532
	3,228,044	3,332,360
Deduct		
Profit on sale of marketable securities	130,096	104,316
Decrease in provision for decline in market value of investment in affiliated comp- any (note 1)	61,687	—
	191,783	104,316
BALANCE AT END OF YEAR	\$3,036,261	\$3,228,044

MATACHEWAN CANADIAN GOLD LIMITED
 (No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1968
 (with comparative figures for 1967)

	<u>1968</u>	<u>1967</u>
SOURCE OF FUNDS		
Profit on sale of marketable securities	\$130,096	\$104,316
Deposit with Nova Scotia Department of Mines	1,050	
Collection of sundry advances	—	11,357
Contributed surplus	—	331,960
	131,146	447,633
APPLICATION OF FUNDS		
Nominal value attributed to claims acquired	—	1
Increase in exploration, development and other expenditures deferred	240,412	73,278
Cost of outside exploration	—	5,076
Cost of acquiring shares in Carbec Mines Limited	—	489,533
Deposit with Nova Scotia Department of Mines	—	100,000
Additions to fixed assets	2,398	7,033
	242,810	674,921
DECREASE IN WORKING CAPITAL	111,664	227,288
WORKING CAPITAL AT BEGINNING OF YEAR	583,900	811,188
WORKING CAPITAL AT END OF YEAR	\$472,236	\$583,900

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1968

1. INVESTMENTS — December 31, 1968

BONDS

<u>Par Value</u>		<u>Market Value</u>	<u>Cost</u>
\$25,000	Government of Canada 5%, 1969	\$ 24,825	\$ 24,912
25,000	Government of Canada 7%, 1973	24,875	24,688
25,000	Government of Canada 5½, 1975	22,500	24,644
10,000	Industrial Acceptance Corp., 7%, 1985 (convertible)	10,600	10,000
		<u>82,800</u>	<u>84,244</u>

LISTED SHARES

PREFERRED

500	International Utilities — \$1.32 convertible	<u>23,500</u>	<u>19,050</u>
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COMMON (Canadian)

600	Alberta Natural Gas	14,400	13,156
1,000	Alcan Aluminium	28,500	30,725
2,000	Bank of Montreal	33,250	29,859
1,100	Berkley Oil & Gas	1,430	1,176
500	Falconbridge Nickel Mines	53,750	13,798
625	International Nickel Co. of Canada	25,859	27,575
3,000	Kerr-Addison Mines	55,125	43,187
3,000	Noranda Mines	103,500	77,955
1,000	People Department Stores	14,500	11,000
1,000	Pine Point Mines	43,500	19,447
1,000	Rio Algom Mines	31,000	34,974
1,000	Silverwood Dairies "A"	22,750	21,918
1,000	Slater Steel Industries	16,500	14,552
2,000	Slater Steel "A" Warrants	18,800	15,495
5,000	Subeo	10,750	12,280
4,000	Trans Prairie Pipelines	48,000	36,410
2,000	United Canso Oil & Gas	15,600	11,796
		<u>537,214</u>	<u>415,303</u>
	Carried Forward	<u>\$643,514</u>	<u>\$518,597</u>

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1968

INVESTMENTS — December 31, 1968 (continued)	Market Value	Cost
Brought forward	\$643,514	\$518,597
COMMON (U.S.)		
2,000 Admiral Corp.	41,840	49,181
500 Boeing	30,374	31,044
500 Combustion Engineering	37,012	41,377
500 B. F. Goodrich	27,222	23,357
500 McLean Industries "A"	26,016	17,825
1,000 Shell Oil	75,767	71,479
1,000 Smith, Kline & French Laboratories	54,982	55,277
	293,213	289,540
Total marketable securities	\$936,727	\$808,137
OTHER MINING COMPANIES		
UNLISTED SHARES		
50 Arncouer Gold Mines		—
125 New Arntfield Mines Ltd.	\$ 267	
2,000 Duport Mining	625	
3,000 Oklend Gold Mines	290	
3,000 Scott Chibougamau Mines	241	
	1,423	
AFFILIATED COMPANY		
140,200 Carbec Mines	\$ 61,688	489,533
Less provision for decline in market value		427,845
	\$ 61,688	61,688
	\$ 61,688	\$ 63,111

The suspension by the Quebec Securities Commission of trading in the shares of Carbec Mines Limited was in effect at December 31, 1967. A provision of \$489,532 reducing the valuation of these shares to \$1 was made to reflect the absence of any quoted market value. This suspension was lifted on March 11, 1968. At December 31, 1968, these shares have been valued at the market bid price, which reduced the reserve to \$427,845.

Because of the number of shares involved the quoted market value of \$61,688 is not necessarily indicative of the amount that might be realized if these shares were to be sold.

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1968

2. INVESTMENTS — December 31, 1967

BONDS

Par Value

		<u>Market Value</u>	<u>Cost</u>
\$ 25,000	Government of Canada 5%, 1968	\$ 24,800	\$ 24,963
25,000	Government of Canada 5%, 1969	24,625	24,912
25,000	Government of Canada 5½%, 1975	23,063	24,644
10,000	Industrial Acceptance Corp. 7%, 1985	10,000	10,000
25,000	Trans-Canada Pipe Lines 5%, 1989 (convertible)	22,000	24,564
		<u>104,488</u>	<u>109,083</u>

LISTED SHARES

PREFERRED

Shares

1,050	Canadian Pacific Investments — 4.75% Series "A" — warrants attached	25,069	21,000
200	Hudson Bay Oil & Gas — 5% convertible	12,400	10,200
500	International Utilities — 1.32 convertible	21,187	19,050
1,000	Northern & Central Gas — "B" 1.50 convertible	27,750	27,450
		<u>86,406</u>	<u>77,700</u>

COMMON

1,000	Abitibi Paper Co. Ltd.	8,125	13,000
2,000	Alcan Aluminum Ltd.	56,750	61,450
1,000	Banff Oil Ltd.	15,750	17,300
1,000	Bank of Nova Scotia	14,125	13,449
500	Cominco Ltd.	12,625	14,925
500	Consolidated — Bathurst Limited	10,750	18,650
450	Dome Mines Limited	27,563	6,649
300	Dominion Foundries & Steel Ltd.	5,775	7,402
1,000	Dominion Textile Co. Ltd.	17,500	22,550
1,500	Falconbridge Nickel Mines Ltd.	145,500	41,394
3,000	Granduc Mines	19,500	15,950
1,000	Great Canadian Oil Sands	12,125	16,550
500	Hudson Bay Mining & Smelting Co. Ltd.	28,250	29,870
250	International Nickel Co. of Canada Ltd.	31,500	27,575
2,000	Kerr-Addison Mines Ltd.	36,250	31,863
1,000	Labrador Mining & Exploration Co. Ltd.	31,125	21,359
500	Moore Corp. Ltd.	14,625	16,675
500	Noranda Mines Ltd.	25,875	28,238
1,500	Opemiska Copper Mines (Que.) Ltd.	14,475	15,225
1,000	Pacific Petroleum Ltd.	18,125	17,550
1,000	The Patino Mining Corp.	15,750	10,500
2,000	Pine Point Mines Ltd.	94,000	38,894
1,500	Quemont Mining Corp. Ltd.	12,600	11,325
1,000	Rio Algoma Mines Ltd.	34,750	34,974
	Carried forward	<u>\$ 703,413</u>	<u>\$ 533,317</u>

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1968

INVESTMENTS — December 31, 1967 (continued)

Shares		Market Value	Cost
	Brought forward	\$ 703,413	\$ 533,317
COMMON (Canadian) (Continued)			
500	St. Lawrence Cement Co. "A"	6,750	11,950
250	Southam Press Ltd.	11,562	11,625
1,000	Steinberg's Limited	17,000	19,300
1,500	Texaco Canada Limited	48,000	28,611
500	Trans Mountain Oil Pipe Line Co.	9,375	10,700
500	Versatile Manufacturing Ltd.	6,500	6,559
1,000	Versatile Manufacturing Ltd.	10,625	13,116
500	Westcoast Transmission Co. Ltd.	10,750	14,528
		<u>823,975</u>	<u>649,706</u>
	Total marketable securities	<u>\$1,014,869</u>	<u>\$ 836,489</u>

OTHER MINING COMPANIES

UNLISTED SHARES

50	Arncouer Gold Mines Ltd. (includes 38 shares in escrow)	
125	New Arntfield Mines (includes 94 shares in escrow) . . .	267
2,000	Duport Mining	625
3,000	Oklend Gold Mines	290
3,000	Scott Chibougamau Mines	241
		<u>1,423</u>

AFFILIATED COMPANY

140,200	Carbec Mines Limited	489,533
	Less provision for decline in market value	<u>489,532</u>
		<u>1</u>
		<u>1,424</u>

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1968

3. MINING CLAIMS

Sudbury Mining District, Ontario 60 claims held under lease, at cost	\$44,020
Nipissing Mining District, Ontario 8 claims held under lease, at cost less payment on option. The option agreement previously granted in respect to these claims has terminated due to non-payment by the date specified	10,000
Nova Scotia claims held under prospecting licenses 942 submarine claims encompassed within an area of 1,810 square miles between Cape Sable Island, Shelburne County, and New Harbour, Guysborough County. The prospecting licenses under which these claims are held entitle the company to prospect for all minerals, including placer minerals. The Nova Scotia government has restricted the issuing of any other licenses in the area surrounding these claims. The claims have been recorded in the books of the company at a nominal value	1
	<hr/> <u>54,021</u>

A deposit of \$100,000 has been made with the Province of Nova Scotia as a guarantee that the company will perform requirements under the Mines Act with respect to these claims.

MATACHEWAN CANADIAN GOLD LIMITED

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1968

4. CAPITAL STOCK

<u>Consideration for shares issued</u>	<u>Number of Shares</u>	<u>Par Value</u>	<u>Discount</u>	<u>Net</u>
Properties and other assets	3,444,480	\$3,444,480	\$ —	\$3,444,480
Services	151,490	151,490	6,250	145,240
Cash	<u>571,828</u>	<u>571,828</u>	<u>435,842</u>	<u>135,986</u>
	<u>4,167,798</u>	<u>\$4,167,798</u>	<u>\$442,092</u>	<u>\$3,725,706</u>

At December 31, 1968, and 1967, three hundred and seven thousand two hundred (307,200) shares of the capital stock of the company were being held in trust for the benefit of the company.

5. CONTRIBUTED SURPLUS

Arising from proceeds of sale of donated shares	\$300,000
Arising from cash contributions by shareholders	<u>31,960</u>
	<u>\$331,960</u>

6. DIRECTORS' REMUNERATION

Remuneration of directors and senior officers for the current year (as defined by The Corporations Act) is as follows:

Directors	\$18,194
Senior Officers	<u>8,175</u>
	<u>\$26,369</u>

7. COMPARATIVE FIGURES

Certain comparative figures for 1967 have been reclassified to conform with the presentation adopted in 1968.

MATACHEWAN CANADIAN GOLD LIMITED
 (No Personal Liability)

DEFERRED ADMINISTRATION EXPENDITURES

YEAR ENDED DECEMBER 31, 1968

	<u>Balance at beginning of year</u>	<u>Expenditures during year</u>	<u>Balance at end year</u>
Audit and legal	\$17,649	\$ 7,600	\$ 25,249
Directors' fees	—	1,350	1,350
General administration	7,904	3,777	11,681
Interest	7,106	25,064	32,170
Investment counsel fees	3,084	4,727	7,811
Printing, stationery and office supplies	3,009	975	3,984
Rent	2,298	4,463	6,761
Salaries	14,761	25,878	40,639
Shareholder's information	5,596	4,350	9,946
Share transfer fees and expenses	4,773	3,631	8,404
Stock exchange and registration fees	617	282	899
Taxes	399	886	1,285
Telephone and telegraph	2,148	3,565	5,713
Travelling	1,276	2,097	3,373
	<u><u>\$70,620</u></u>	<u><u>\$88,645</u></u>	<u><u>\$159,265</u></u>

